



European Union Agency for the Cooperation  
of Energy Regulators

# High energy prices and the role of ACER's surveillance activities and takeaways from ACER's REMIT Forum 2021

REMIT Seminar 2021

Marcel Vochem and Eleonora Nagali, ACER

Friday, 10 December 2021 / 09.30 - 15.30 CET

- **Data collection under REMIT**
- **Market integrity in times of high prices**

# Data collection under REMIT

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Eleonora Nagali, Market Integrity and Transparency Department

## Article 7(1) of REMIT

*The Agency shall monitor trading activity in wholesale energy products to detect and prevent trading based on inside information and market manipulation. **It shall collect the data for assessing and monitoring wholesale energy markets** as provided for in Article 8.*

# Transaction reporting trend





Automated trading

**SIDC** Single Intraday  
Coupling



Increased liquidity of  
trading closer to delivery

- Increased market design complexity, also driven by the evolution of EU Regulation
  - New products
  - New actors
- Market coupling expansion
  - Geographical
  - Market type (Intraday Auctions, Cross product matching)
- New ways of trading, new technologies
- Promote usage of REMIT data to increase the value of REMIT data



Revision of the REMIT  
Implementing Regulation?

# Market integrity in times of high prices

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Marcel Vochem, Market Surveillance and Conduct Department

- Integrity in a dynamic market environment - key topic at 2021 REMIT forum
- ACER note on high energy prices - surveillance perspective on price drivers
- “target, tool, benefitting position” – our surveillance approaches in practice
- The way ahead – close cooperation with DG Comp

## Panel discussion with representatives from EC, ACER, NRAs, TSOs, industrial associations and research institutions:

### REMIT benefits:

“The European Green Deal requires well functioning markets to minimise costs of the energy transition for society. REMIT guarantees that markets work – especially *when under pressure*.”

“Clear and concise guidance”

“REMIT has built trust and confidence in EU wholesale energy markets by *ensuring the quality of wholesale price signals*”

### REMIT challenges:

“The whole regime needs to carefully balance the proportionality between the administrative burdens put upon market participants and the security it produces for market participants, tax payers and consumers”

“ACER will in the future be asked to explain and educate more towards stakeholders and political decision makers.”

**... REMIT regime can look back at 10 successful years and is here to stay!**

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- **GAS (+400% since Jan-21)**
1. Growth in global demand making LNG supply tighter

**Figure 1: Comparison of international wholesale prices spreads vs EU plus UK LNG imports: 2017 to September 2021 – EUR/MWh and bcm/month**

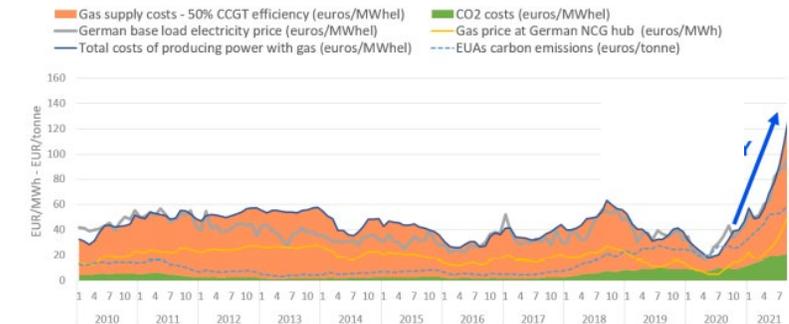


Source: ACER based on ICIS Heren and GIE

2. Pipeline imports have kept steady despite economic incentives
3. Low storage stocks and lessening EU production
4. Post-COVID recovering gas demand (+10% YoY)

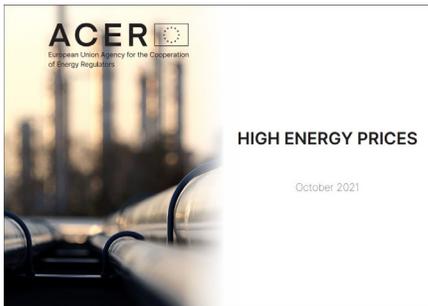
- **POWER (+200% since Jan-21)**
- Gas-fired power plants have increasingly become the price-setting units for power

**Figure 4: Price development for baseload electricity in Germany, gas, carbon and average short-run marginal costs of gas power plants (2010 – 2021)**



Source: ACER based on ICIS Heren

- Rapid rise in EUAs prices (+90% since Jan-21)
- Drop in wind power generation (-8% YoY for the EU)
- Power demand recovery (+6% YoY in 2021 for the EU)

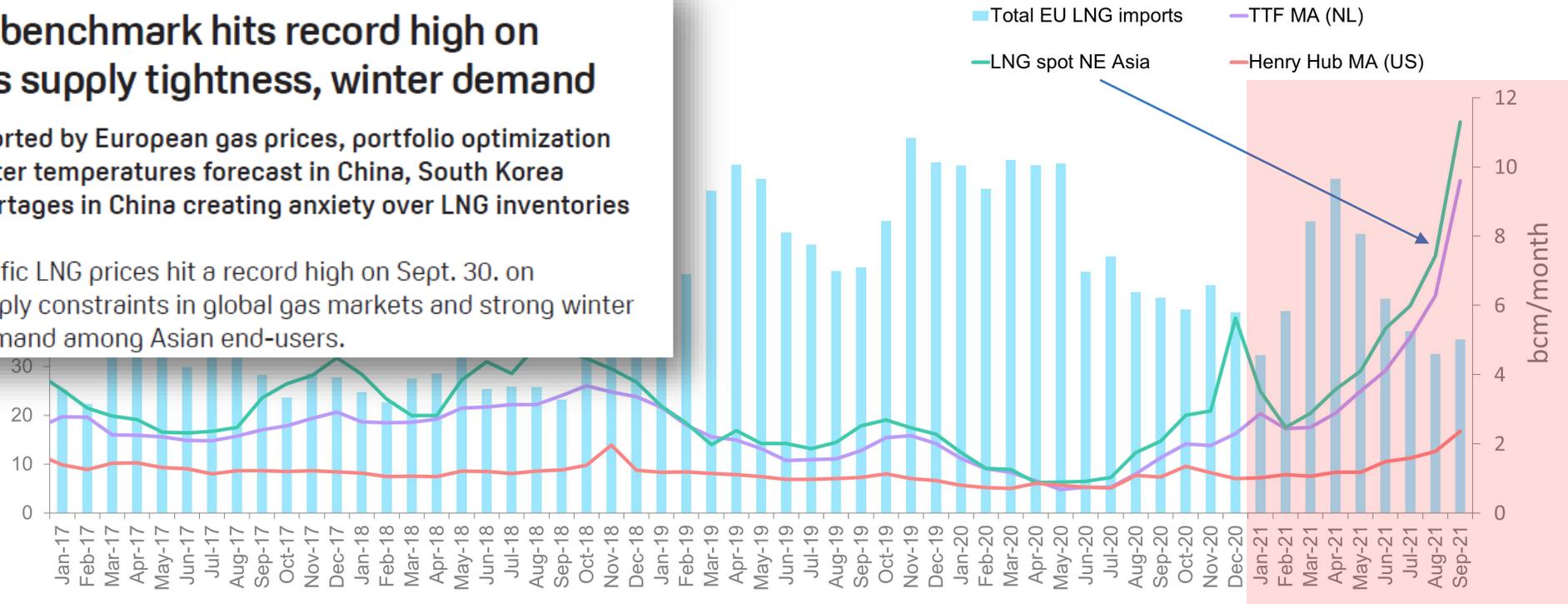


## COMPARISON OF INTERNATIONAL GAS PRICES VS EU LNG IMPORTS: 2017 – 2021

### JKM LNG benchmark hits record high on global gas supply tightness, winter demand

- JKM supported by European gas prices, portfolio optimization
- Lower winter temperatures forecast in China, South Korea
- Power shortages in China creating anxiety over LNG inventories

Spot Asia-Pacific LNG prices hit a record high on Sept. 30. on persistent supply constraints in global gas markets and strong winter restocking demand among Asian end-users.

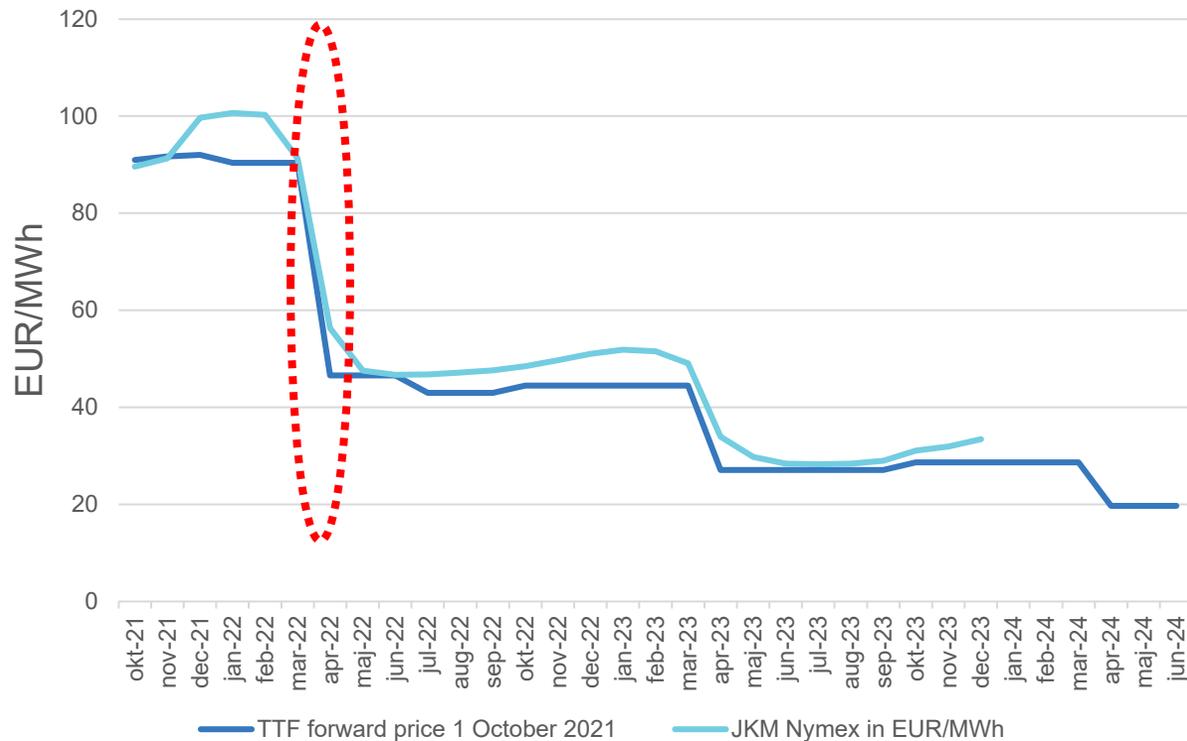


**Global competition for LNG supplies leading to less LNG arrivals in the EU (the global ‘swing market’ for LNG).**

# Tight market conditions expected to relax in spring

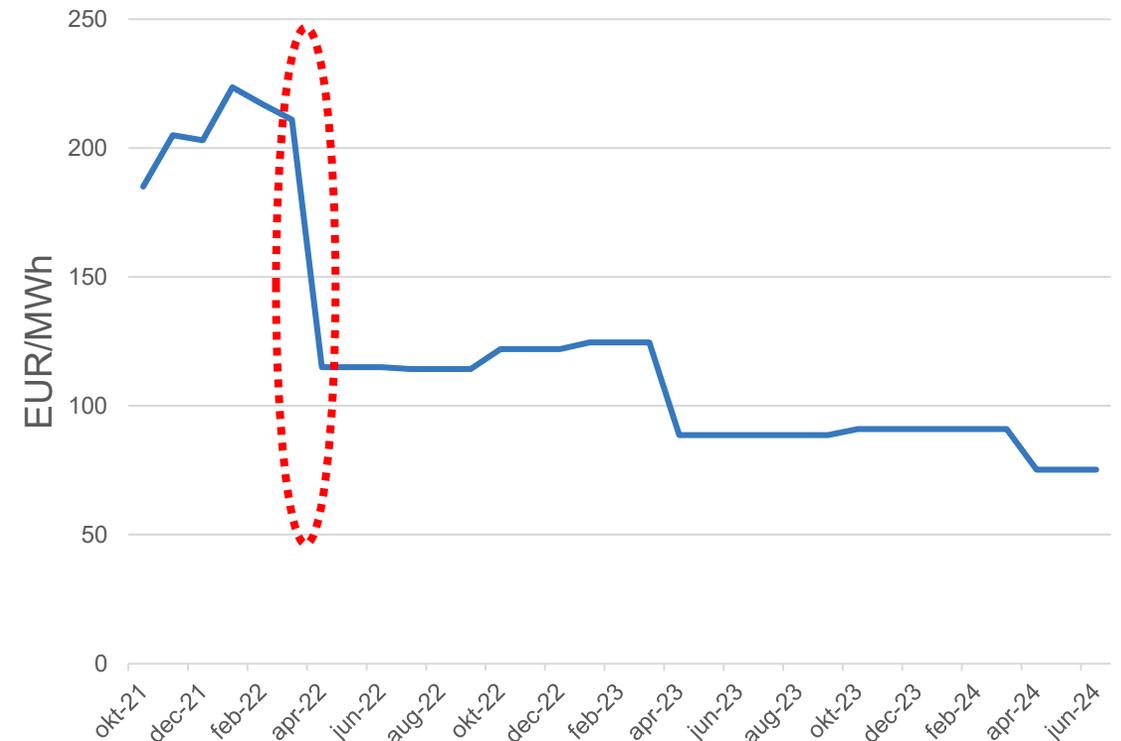
## GAS

TTF and JKM forward curve 1 October 2021



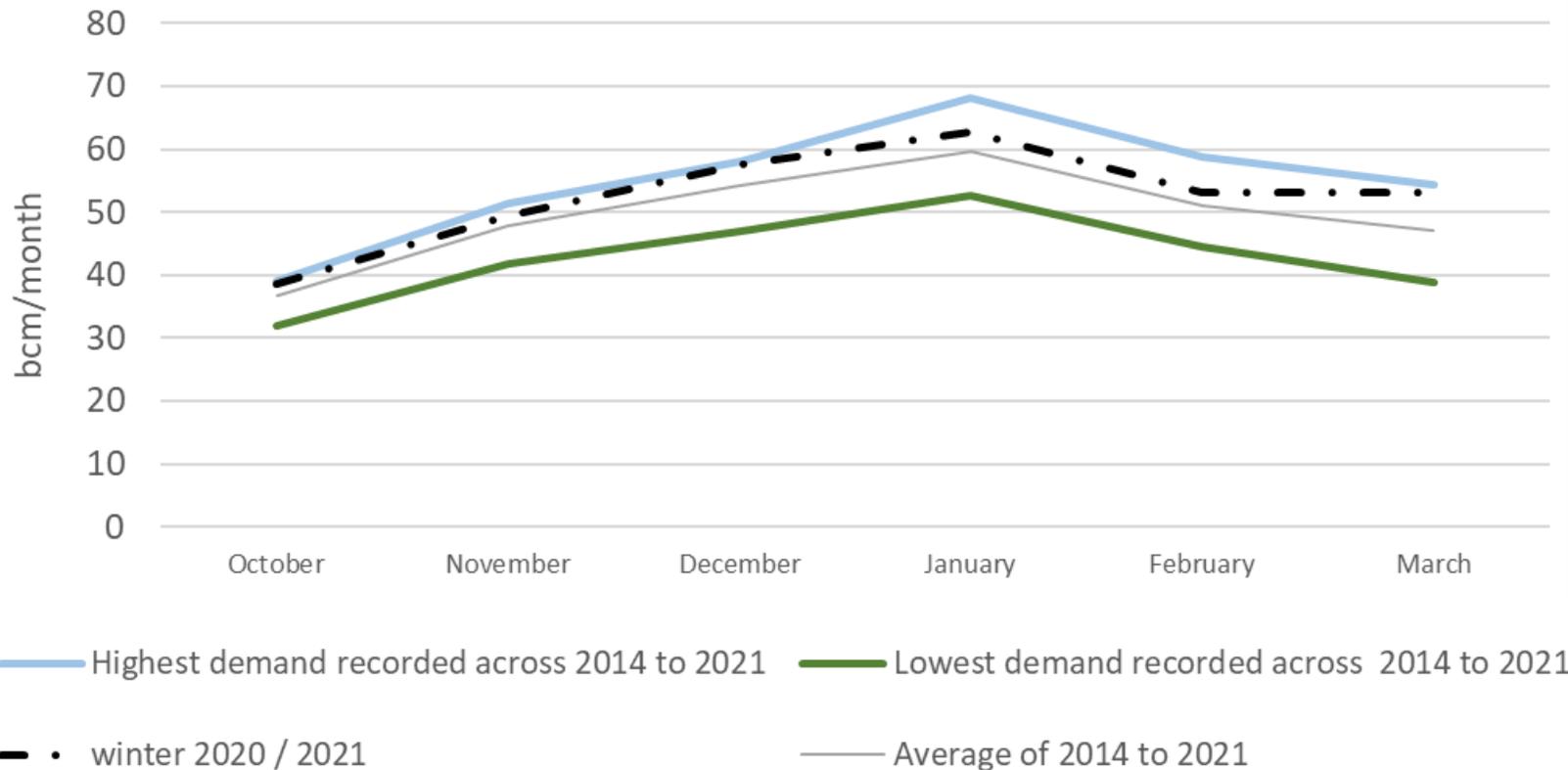
## ELECTRICITY

EEX Phelix Future curve 1 October 2021



# Winter season a key variable for gas demand.

**COMPARISON OF HIGHEST TO LOWEST MONTHLY EU (+UK) CONSUMPTION IN WINTER SEASON: 2014 to 2021, bcm/month**



- Winter accounts on average for 65% of yearly demand. Weather is the most decisive factor.
- In winter 2020 / 2021, demand was 17 bcm higher than in previous 7 years (+7%):
- The 'worst scenario'\* would entail extra 15 bcm of demand in winter 2021 / 2022. The 'best scenario'\* would require 45 bcm less.
- If LNG and pipeline imports do not increase, current storage stocks are *tight* to face a similar winter, and *short* to face the 'worst scenario'.

\*Notional scenarios compare highest and lowest monthly consumption in 7 years average vs winter 2020 / 2021 demand

# 5 October - extreme price fluctuation



- Long term developments can be explained by fundamental supply-demand situation.
- Short term volatility extreme:  
Example: October 5 2021 intraday price fluctuation of TTF front month of 58 EUR/MWh (comparison Fukushima events led to intraday volatility of appr. 10 EUR/MWh for Front Month TTF).
- High risk of credit events due to extreme volatility, which can hardly be explained by a change of fundamentals.
- Surveillance focus on potential insider trading and trading behaviour impacting prices

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*“The EU has a strong and robust instrument that allows to detect market manipulation, the Regulation on Wholesale Energy Market Integrity and Transparency (REMIT). **REMIT sets the ground for increased market transparency and integrity, and ultimately protects the interests of companies and consumers.**”*

*In the public debate around the energy price spikes, a concern has emerged for possible distortions of competition by companies active in European gas markets. **The Commission is currently investigating as a matter of priority all allegations of possible anti-competitive commercial conduct by companies producing and supplying natural gas to Europe.**”*

Short term market moves: ACER analysis using REMIT angle in cooperation with NRAs ongoing, until now there is no evidence that high energy prices are caused by systematically market manipulation.

Long term, fundamental drivers: ACER cooperates closely with DG Competition and ESMA - provides data, know-how and market surveillance expertise



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COM(2021) 660 final

COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN  
PARLIAMENT, THE EUROPEAN COUNCIL, THE COUNCIL, THE EUROPEAN  
ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE  
REGIONS

Tackling rising energy prices: a toolbox for action and support

# Thank you!

## More info?

REMIT Portal: [www.acer-remit.eu](http://www.acer-remit.eu)

ACER website: [www.acer.europa.eu](http://www.acer.europa.eu)



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## REMIT Quarterly

ACER guidance on the application of REMIT and transaction reporting Issue No. 25 /Q2 2021

ACER's work and progress on data quality <hr style="border: 0; border-top: 1px solid black; margin: 5px 0;"/> 1	First High Court decision in a REMIT market manipulation case upholds the NRA sanction decision <hr style="border: 0; border-top: 1px solid black; margin: 5px 0;"/> 5	RRM registration in 2021 <hr style="border: 0; border-top: 1px solid black; margin: 5px 0;"/> 9
List of OMPs: definition of an organised market place, ACER's role, and management of the list <hr style="border: 0; border-top: 1px solid black; margin: 5px 0;"/> 3	ACER's Notification Platform: an effective and efficient tool to notify REMIT breach suspicions <hr style="border: 0; border-top: 1px solid black; margin: 5px 0;"/> 6	Overview of contingency reports opened by RRM's <hr style="border: 0; border-top: 1px solid black; margin: 5px 0;"/> 10
Third penalty for market manipulation under REMIT in the Spanish natural gas market <hr style="border: 0; border-top: 1px solid black; margin: 5px 0;"/> 4	Inside Information Platforms: market coverage in the EU-27 <hr style="border: 0; border-top: 1px solid black; margin: 5px 0;"/> 9	Recent updates of REMIT documentation <hr style="border: 0; border-top: 1px solid black; margin: 5px 0;"/> 11
314 REMIT breach cases under review at the end of the second quarter <hr style="border: 0; border-top: 1px solid black; margin: 5px 0;"/> 11		

### ACER's work and progress on data quality

As part of its data quality framework, the European Union Agency for the Cooperation of Energy Regulators (ACER) continuously assesses the completeness, accuracy and timeliness of the data received under Regulation (EU) No 1227/2011 on wholesale energy market integrity and transparency (REMIT) and Commission Implementing Regulation (EU) No 1348/2014 on data reporting under REMIT (REMIT Implementing Regulation).

Ensuring a sufficient level of data quality allows ACER to perform its surveillance activities by implementing an automatic screening process for transactions of energy products traded on European wholesale markets.

The ongoing data quality assessments reveal that the data quality of transactions reported under REMIT is improving, however, continuous efforts are required to improve the quality further.

targeting particular market segments and data types. The project teams established under the Market Data Standing Committee are composed of dedicated ACER and NRA staff members. The teams analyse REMIT data, produce reports, and support ACER in collaborating with the reporting parties.



ACER Energy Market Integrity and

In 2020, ACER and national regulatory authorities (NRAs)

- Published on a quarterly basis
- Latest updates on:
  - Data analysis/data quality
  - Surveillance activity
- Updates on:
  - Latest REMIT documents publication
  - Suspicious REMIT breach cases
  - Registered reporting mechanisms activity

[REMIT Quarterly – documents \(acer-remit.eu\)](https://acer-remit.eu)

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*“The massive decarbonisation of the European energy system will increasingly rely on more integrated energy markets. Otherwise, the cost of the transition is likely to be much higher, endangering social acceptance. One often-overlooked aspect of such further reliance on integrated energy markets is the ability to have faith and trust in these markets, ensuring they are free of manipulation and other damaging trading behaviour. This is the contribution of REMIT, a new and unprecedented sector-specific monitoring framework to detect and prevent market abuse in European wholesale energy markets. As such, making sure REMIT evolves alongside energy system change in Europe is the ‘political corollary’ of relying on the further integration of energy markets across Member States to secure the objectives set at the highest levels of government.”*